

## Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 AGRE-00 CEA-01 CIAE-00 DODE-00  
EB-08 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04  
NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 ITC-01  
TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15 JUSE-00  
AF-10 ARA-10 EA-10 EUR-12 NEA-10 IO-13 ISO-00  
/166 W

-----048275 171840Z /42

P 171813Z APR 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 8483  
INFO AMEMBASSY TOKYO  
USDOC WASHDC

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 05769

USMTN

ACTION STR

PASS STR ELECTRONICALLY FOR BARREDA STR PASS CODEL

COMMERCE FOR MONTGOMERY

EO 11652: N/A  
TAGS: ETRD, GATT, MTN  
SUBJECT: MTN: APRIL 12 BILATERAL WITH JAPANESE--  
DISCUSSION OF JAPANESE REQUEST LIST

1. AT CONCLUSION OF US EXPLANATION OF ITS REQUEST LIST  
FOR IMPROVEMENT OF JAPANESE TARIFF OFFER, US DEL  
(MCNAMARA) MADE FOLLOWING PRELIMINARY OBSERVATIONS ON  
JAPANESE REQUEST LIST FOR IMPROVEMENT OF US OFFER:

(A) ALMOST 80 PERCENT OF JAPANESE REQUESTS ARE IN  
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THE TEXTILE SECTOR, AND 90 PERCENT OF THESE  
REQUESTS ARE FOR RATE REDUCTIONS WHICH EXCEED  
US TRADE ACT AUTHORITY. REMAINING ITEMS ARE  
REQUESTS TO MATCH JAPANESE RATES.

(B) US HAS FOUND THAT ALMOST ALL JAPANESE REQUESTS  
OUTSIDE OF TEXTILES ALSO ARE FOR REDUCTIONS

BEYOND TRADE ACT AUTHORITY OR FOR REDUCTIONS OF ITEMS MANDATORILY EXCEPTED. US IS FRANKLY PUZZLED BY THESE REQUESTS AND BELIEVES THAT SUCH A LIST COULD BE INTERPRETED AS A NEGOTIATING TACTIC DESIGNED TO ELICIT NEGATIVE US RESPONSE SO THAT JAPAN COULD RESPOND NEGATIVELY TO THE US REQUEST LIST.

2. US DEL INDICATED THAT WE HAVE AT THIS POINT REJECTED THE IDEA THAT JAPANESE REQUEST IS MERELY A TACTIC TO AVOID LIBERALIZATION. HOWEVER, SINCE JAPANESE REQUESTS ARE MOSTLY THINGS JAPAN KNOWS US CANNOT DO, US WOULD APPRECIATE JAPANESE SUGGESTION ON HOW US SHOULD PROCEED WITH ANALYSIS OF THEIR REQUESTS. US COULD FOCUS ON SMALL NUMBER OF ITEMS WHERE TRADE ACT AUTHORITY STILL EXISTS OR WHERE JAPAN REQUESTS IMPROVEMENTS ON ECONOMIC EXCEPTIONS, BUT HOW SHOULD US CONSIDER REMAINING BULK OF JAPANESE REQUESTS?

3. UDAGAWA RESPONDED THAT SIZE OF REQUEST LIST IS NOT MUCH BIGGER RELATIVELY THAN US REQUEST LIST IF THE LARGER NUMBER OF US TARIFF LINES IS TAKEN INTO ACCOUNT. HE EMPHASIZED THAT THE LIST ILLUSTRATES "JAPAN'S PURE INTENTIONS" OF INTEREST IN US LIBERALIZATION. JAPAN IS OBVIOUSLY AWARE OF US DOMESTIC LEGISLATION WHICH LIMITS US ABILITY TO REDUCE TARIFFS, BUT THIS IS NOT A MULTI-LIMITED OFFICIAL USE

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LATERALLY AGREED LIMITATION. FOR EXAMPLE, JAPAN AND OTHER COUNTRIES WILL, IN THE COURSE OF THE MTN, NEED TO OBTAIN LEGISLATIVE APPROVAL TO REDUCE CERTAIN BARRIERS AND DOES NOT BELIEVE THAT SIMILAR ACTIONS BY THE US SHOULD BE PRECLUDED WITH RESPECT TO TARIFF REDUCTIONS. HE STRESSED THAT THE JAPANESE REQUEST LIST IS NOT A NEGOTIATING TACTIC; THAT THE US INTERPRETATION WAS CORRECT; AND THAT NO TRICKS ARE INVOLVED. UDAGAWA SAID THAT JAPAN EXPECTS SINCERE CONSIDERATION OF ITS LIST AT HIGH LEVELS IN THE US GOVERNMENT AND WOULD LIKE TO PRESENT JAPANESE JUSTIFICATIONS FOR ITS REQUESTS AT HIGH LEVEL AS WELL AS IN DETAIL TO US DEL. HE SAID THAT HE WOULD DISCUSS QUESTION IN PARA 2 WITH THE JAPANESE DELEGATION AND IN TOKYO AND WILL CONVEY THE RESPONSE TO THE US DEL. US DEL REPLIED THAT US WILL NEED SOME TIME TO COMPLETE ITS ANALYSIS AND WOULD BE UNLIKELY TO BE PREPARED FOR SUCH A MEETING UNTIL THE END OF NEXT WEEK. UDAGAWA INDICATED THAT HE WOULD LIKELY SEND SOMEONE FROM HIS DIVISION TO PRESENT JAPAN'S EXPLANATION AND COULD NOT SAY AT THIS POINT IF A MEETING WEEK 4/17 WOULD BE POSSIBLE, BUT WOULD INFORM JAPAN DEL IN GENEVA.

4. AS A BRIDGE BETWEEN DISCUSSION OF US AND JAPANESE REQUEST LISTS AND TO STIMULATE A POSITIVE RESPONSE TO US REQUEST LIST, US DEL PASSED TO UDAGAWA A TABLE SHOWING THE BILATERAL LEVELS OF IMPORTS AVAILABLE FOR TARIFF NEGOTIATIONS (COPY HAND CARRIED BY MATTHIESEN TO HUGHES). THE TABLE SHOWED THAT 1976 NON-AGRICULTURAL JAPANESE IMPORTS FROM THE US AVAILABLE FOR TARIFF NEGOTIATIONS AMOUNTED TO 4.8 BILLION DOLLARS WHILE THE CORRESPONDING FIGURE FOR US IMPORTS FROM JAPAN WAS OVER 15 BILLION DOLLARS. US DEL EMPHASIZED THAT THIS GAP WILL NOT ONLY BE AN IMPORTANT ELEMENT IN OUR EVALUATION OF BILATERAL RECIPROCITY, BUT ALSO DEMONSTRATES THE INEQUITIES IN THE TRADING RELATIONSHIP ADDRESSED IN THE STRAUSS/USHIBA AGREEMENT AND MUST BE CLOSED OR NARROWED SUBSTANTIALLY AS A RESULT OF THE LIMITED OFFICIAL USE

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MTN. UDAGAWA WAS VISIBLY SHAKEN BY THIS UNEXPECTED US

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INFO OCT-01 ISO-00 STRE-00 AGRE-00 CEA-01 CIAE-00  
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15  
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15  
JUSE-00 AF-10 ARA-10 EA-10 EUR-12 NEA-10 IO-13  
/166 W

-----048276 171840Z /43

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FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 8484

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ACTION STR

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COMMERCE FOR MONTGOMERY

PRESENTATION. HE RESPONDED BY RECITING THE DIFFERENCES  
IN INDUSTRIAL STRUCTURES OF THE TWO COUNTRIES, JAPAN'S  
DEPENDENCE ON IMPORTED RAW MATERIALS, AND ITS EFFORTS TO  
EXPAND ITS IMPORTS OF MANUFACTURED ITEMS. HE SAID THAT  
HE WILL CARRY THIS TABLE TO TOKYO, BUT THAT THE US SHOULD  
UNDERSTAND THAT JAPAN'S SURPLUS TODAY MAY BE ONLY SHORT  
TERM AND THE TRADING RELATIONSHIP NEEDS TO BE CONSIDERED  
IN A LONGER RANGE PERSPECTIVE.

5. DRAFTED BY MOORE. CULBERT

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DOCUMENTS, PROCUREMENT, TARIFFS  
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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Disposition Date:** 20 Mar 2014  
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**Errors:** N/A  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
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20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014